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INTERNATIONAL INTERNET DRUG TRAFFICKING NETWORK SHUT DOWN

Investigation Has Roots In Philadelphia Area – Traffickers Arrested In U.S., India, Canada And Australia

PHILADELPHIA – United States Attorney Patrick L. Meehan; D.E.A. Special Agent-in-Charge James Kasson; F.B.I. Special Agent-in-Charge Jack Eckenrode; I.R.S. Criminal Investigation Division, Acting Special Agent-in-Charge Terri Borakove; Postal Inspector-in-Charge John Wisniewski; Immigration and Customs Enforcement Special Agent-in Charge William Reid; F.D.A. Office of Criminal Investigations Special Agent-in-Charge Kim Rice; and Department of Defense, D.C.I.S. Special Agent-in Charge Edward Bradley today announced the unsealing of an indictment¹ returned by a federal grand jury on April 6, 2005. The indictment charges a total of 17 individuals with participating in an international conspiracy to import and distribute millions of dollars worth of controlled substance pharmaceutical drugs and non-controlled prescription drugs to individuals in the United States through a number of internet pharmacy Web sites, and with laundering millions of dollars in proceeds. The indictments were unsealed this morning, along with a related indictment in the Eastern District of New York charging five additional defendants.

Yesterday, in a carefully coordinated operation involving many federal judicial districts in the United States, and 14 foreign countries, 2 defendants were arrested in Philadelphia, 2 in South Carolina, 3 in Florida, 2 in Texas, 3 in New York, and 4 in India. With the cooperation of the governments of Jersey (Channel Islands), Isle of Man, Singapore, Antigua, Nevis, India, Cyprus and elsewhere, more than \$6 million, representing proceeds from these drug sales, was seized and restrained in foreign and U.S. bank accounts maintained by the defendants.

“This case shows us how the Internet has opened the door to an unregulated universe from which anyone with access to a computer can purchase anything from anti-anxiety drugs to

¹An Indictment or Information is an accusation. A defendant is presumed innocent unless and until proven guilty.

anabolic steroids,” said Meehan. “There is no visit to a doctor, no pharmacist to vouch for the integrity of the medication, and no prescription. This is a dangerous shortcut around the safeguards that are in place to protect the public.”

The indictment charges that from at least July 2003 until at least April 2005, Brij Bhushan Bansal of India and his son, Akhil Bansal, a graduate student at Temple University in Philadelphia, headed an organization that supplied vast quantities of controlled substance pharmaceutical drugs and non-controlled prescription drugs in the United States and elsewhere. The Bansal organization served as a fulfillment center for numerous Internet pharmacy Web sites that sold pharmaceutical drugs – with no prescriptions or doctor’s visits as required by law.

“This investigation involved a total strategy in which the entire Bansal Organization was dismantled from its source of supply in India to its Web site distributors both foreign and domestic,” said James M. Kasson, D.E.A. Special Agent-in Charge of the Philadelphia Field Division. “Today’s electronic drug dealers are no longer concealed from prosecution because of the seeming anonymity of the Internet.”

"This is a unique marriage of the FBI's technological capabilities involving our Cyber Fraud and Health Care Squads, with the DEA, USPIS, ICE, FDA and IRS to identify and dismantle a growing health care problem for our country, said Jack Eckenrode, Special Agent-in-Charge of the Philadelphia Field Office of the F.B.I. “FBI and DEA made undercover purchases from the internet pharmacies, USPIS and ICE tracked the shipment of drugs and the IRS traced financial transactions and conducted money laundering investigations. These combined investigative efforts contributed to the indictment and arrests being announced today."

The Offense Conduct

As charged in this indictment, defendant Brij Bhushan Bansal is a physician, based in India, who has built a family empire selling drugs to American citizens. Bansal was assisted in this enterprise by his son, defendant Akhil Bansal, his daughter, defendant Julie Agarwal, his son-in-law, defendant Yatindra Agarwal, and an employee, defendant Himanshu Kulshrestha. Together, the India-based members of the Bansal organization solicited business by posting on internet bulletin boards and by sending e-mails to Web site operators offering to fill orders placed by consumers over their Web sites.

The Web site-operator customers sent orders to the Bansal organization mostly in the form of Excel spreadsheets containing lists of consumers, their mailing addresses, and the items they ordered. Sometimes these orders were processed in India, and the packages shipped to the United States in bulk form for reshipment to consumers. At other times, bulk quantities of drugs were shipped to the United States where they were packaged and processed in various depots and then shipped directly to consumers.

The Bansal organization then returned the original spreadsheet to the originating Web site-operator customers with the tracking numbers for each customer's shipment added to the spreadsheet. The website-operator customers, who had collected payment from the customers at the time of the order, were then billed by the Bansal organization.

The Web site-operator customers usually paid the Bansal organization by sending wire transfers to the organization's various bank accounts in the United States and in India, as well as to their several offshore banks.

Defendant Akhil Bansal, a physician who is a graduate student at Temple University, ran the United States branch of the organization. His activities on behalf of the organization are set forth in detail in the *Bansal* indictment.

The Web Sites

At the core of this conspiracy that poured millions of unprescribed pills into the United States are the websites.

None of the websites named in these indictments, or any of the websites operated by the men and women charged in these indictments, requires a consumer to furnish a prescription as required by law for the dispensing of controlled substance pharmaceutical drugs and non-controlled prescription drugs. Yet they sold – requiring nothing more than a credit card number – drugs that can cause serious harm if not taken under the supervision of a physician.

"This investigation dismantled a major source of illicit pharmaceuticals that posed a significant public health threat. Closing down these illegal Internet drug pipelines is essential to protecting consumers of pharmaceuticals," said William Reid, U.S. Immigration and Customs Enforcement Special Agent-in-Charge for Philadelphia.

The vast majority of the drugs sold through these Web sites were sold at prices far higher than a consumer would pay at a legitimate pharmacy, whether on the web or around the corner.

The Drugs

As explained in the indictments, the Bansal organization distributed, in response to orders forwarded to them from their website-operator customers, both controlled substance pharmaceutical drugs and non-controlled prescription drugs.

The Controlled Substances Act (CSA) governs the manufacture, distribution, and dispensing of controlled substances in the United States. Under the CSA, there are five schedules of controlled substances – Schedules I, II, III, IV, and V. Drugs are scheduled into these levels

based upon their potential for abuse, among other things. Abuse of Schedule II drugs may lead to severe psychological or physical dependence. Abuse of Schedule III drugs may lead to moderate or low physical dependence or high psychological dependence. Abuse of Schedule IV drugs may lead to more limited physical dependence or psychological dependence relative to the drugs or other substances in Schedule III.

Other drugs are not scheduled under the CSA but, nonetheless, may not be distributed without a prescription. These are drugs which, because of their toxicity or other potential harmful effects, are not safe for use except under the supervision of a pharmacist or licensed medical professional.

The Bansal organization, and the website-operator customers who generated their sales, sold millions of dosage units of drugs in both categories, although the vast majority of their sales were of scheduled drugs.

The controlled substances which the indictments charge were sold by the members of these conspiracies include:

1. Codeine – a narcotic, Schedule II
2. Codeine combination products, e.g. codeine with acetaminophen – narcotics, Schedule III.
3. Ketamine – a depressant, Schedule III
4. Alprazolam – a depressant, Schedule IV. Xanax[®], a prescription drug used to treat anxiety, contains alprazolam, and is Schedule IV
5. Clonazepam, a depressant, Schedule IV. Klonopin[®], a prescription drug used to treat anxiety, contains clonazepam, and is Schedule IV
6. Chlordiazepoxide, a depressant, Schedule IV. Librium[®], a prescription drug used to treat anxiety, contains chlordiazepoxide hydrochloride, and is Schedule IV.
7. Dextropropoxyphene, a narcotic, Schedule IV. Darvon[®] and Darvocet[®], prescription drugs used to treat pain, contain propoxyphene, and are Schedule IV.
8. Diazepam, a depressant, Schedule IV. Valium[®], a prescription drug used to treat anxiety, contains diazepam, and is Schedule IV
9. Lorazepam, a depressant, Schedule IV. Ativan[®], a prescription drug used to treat anxiety, contains lorazepam, and is Schedule IV
10. Modafinil, a stimulant, Schedule IV. Provigil[®], a prescription drug used to treat narcolepsy, contains modafinil, and is Schedule IV
11. Nitrazepam, a depressant, Schedule IV. Mogadon[®], a prescription drug used to treat insomnia, contains nitrazepam, and is Schedule IV
12. Pentazocine, a narcotic analgesic, Schedule IV. Talwin[®], a prescription drug used to treat pain, contains pentazocine, and is Schedule IV
13. Sibutramine hydrochloride, a stimulant, Schedule IV. Meridia[®], a prescription

drug used for weight loss, contains sibutramine hydrochloride, and is Schedule IV

14. Zolpidem tartrate, a depressant, Schedule IV. Ambien[®], a prescription drug used to treat insomnia, contains zolpidem, and is Schedule IV
15. Methylphenidate, a stimulant, Schedule II. Ritalin[®], a prescription drug used to treat narcolepsy and attention deficit disorders, contains methylphenidate hydrochloride, and is Schedule II.

The non-controlled prescription drugs which these indictments allege were sold by the Bansal organization were:

1. Sildenafil citrate, sold in the United States as Viagra[®], used in the treatment of erectile dysfunction
2. Tadalafil, sold in the United States as Cialis[®], and in India as Apcalis, used in the treatment of erectile dysfunction
3. Vardenafil, sold in the United States as Levitra[®], used in treatment of erectile dysfunction
4. Venlafaxine, sold in the United States as Effexor XR[®] used in treatment of depression
5. Carisoprodol, sold in the United States as Soma[®], used in treatment of muscle spasms
6. Sertraline, sold in the United States as Zoloft[®], used in treatment of depression
7. Tramadol, sold in the United States as Ultram[®], used in treatment of pain
8. Paroxetine, sold in the United States as Paxil[®], used in treatment of depression

As found by the grand jury, these drugs – controlled substances and non-controlled prescription drugs alike – require prescriptions because of their potential for abuse, their ability to cause severe psychological or physical dependence, their toxicity or other potential harmful effects, and they are deemed unsafe for use except under the supervision of a practitioner licensed by law to administer such drugs.

When drugs such as these are sold over the internet, without the advice or supervision of a licensed professional such as a physician or pharmacist, and without the labeling, warnings and precautions that accompany the filling of a legitimate prescription, there is no one to monitor factors – including interactions with other medications – that can cause serious injury or even death.

For example, the warnings that accompany legitimate prescriptions for Tylenol[®] with Codeine state, in part: “Tylenol with Codeine tablets (acetaminophen and codeine phosphate tablets) contain sodium metabisulfite, a sulfite that may cause allergic-type reactions including anaphylactic symptoms and life-threatening or less severe asthmatic episodes in certain susceptible people.”

The warnings that accompany legitimate prescriptions for Xanax[®] state, in part: “Certain adverse clinical events, some life-threatening, are a direct consequence of physical dependence to Xanax[®]. . . . Even after relatively short-term use at the doses recommended for the treatment of transient anxiety and anxiety disorder, there is some risk of dependence. . . . Because of its CNS [central nervous system] depressant effects, patients receiving Xanax[®] should be cautioned against engaging in hazardous occupations or activities requiring complete mental alertness such as operating machinery or driving a motor vehicle. For the same reason, patients should be cautioned about the simultaneous ingestion of alcohol and other CNS depressant drugs during treatment with Xanax[®].” Many of the drugs sold by the defendants in this case bear similar warnings.

In addition, many of these drugs warn that ingestion “can cause fetal harm when administered to pregnant women.” In the case of Valium[®], this warning appears in boldface type: “An increased risk of congenital malformations associated with the use of minor tranquilizers . . . during the first trimester of pregnancy has been suggested in several studies. Because use of these drugs is rarely a matter of urgency, their use during this period should almost always be avoided. The possibility that a woman of childbearing potential may be pregnant at the time of institution of therapy should be considered. Patients should be advised that if they become pregnant during therapy or intend to become pregnant they should communicate with their physician about the desirability of discontinuing the drug.”

When drugs are ordered through a Web site, there is no physician and no pharmacist to supply these and other important warnings to the consumer. When the drugs arrive in the mail, without proper labeling or written directions, the possibility for harm to the consumer becomes very real.

Local Police Work With Global Impact

This massive global investigation had its beginning here in the Philadelphia area with some excellent police work by a group of experienced and dedicated local officers – Sgt. Joe Bail and Officer Norm Jacobs of the Chester P.D. Narcotics Unit, and Sgt. Mike Boudwin of the Delaware County CID.

Nearly 14 months ago, back in February 2004, the Chester Police Department Narcotics Unit was contacted by a supervisor at the Airborne Express terminal at Philadelphia International Airport, who reported that Airborne Express had received 119 packages from two different individuals, each claiming to be Leroy Jones, on behalf of a Chester business called Abbas Enterprises. The packages had not been accompanied by a manifest (a shipping document listing the contents of the packages), so supervisors opened two of them and found that they contained many tablets of 5 mg diazepam, the generic form of Valium[®]. Airborne Express checked its records and found that – during the 19-day period between February 9, 2004 and February 27, 2004 – the company had accepted 4,336 packages from Abbas Enterprises, addressed to

consumers throughout the United States. Wisely realizing that they had something that extended far beyond the boundaries of Chester, the officers seized the 119 packages and called DEA Diversion Investigator Carlos M. Aquino.

In early March 2004, the officers, now working with DEA, searched Abbas Enterprises in Chester and found identical packages, addressed to locations all across the United States, all containing blister packs of pharmaceutical controlled substances. These substances, all highly abused, included alprazolam (the generic form of Xanax[®], an anti-anxiety drug, which is a controlled substance in Schedule IV), acetaminophen with codeine (the generic form of Tylenol III[®], a narcotic painkiller which is a controlled substance in Schedule III), lorazepam (the generic form of Ativan[®], an anti-anxiety controlled substance in Schedule IV), zolpidem tartrate (the generic form of Ambien[®], a hypnotic sedative controlled substance in Schedule IV), propoxyphene (the generic form of Darvon[®], a narcotic analgesic controlled substance in Schedule IV), and carisoprodol (the generic form of Soma[®], a non-controlled muscle relaxant and analgesic which cannot lawfully be dispensed without a prescription).

The owner of Abbas Enterprises, Richard Dabney (who is charged in the *Bansal* indictment), told the investigators that, months earlier, he had been approached by defendants Akhil Bansal and Atul Patil at a computer store in Radnor, PA. Bansal and Patil offered to pay Dabney to ship non-controlled drugs through his business. They paid him \$300 for each load of packages he delivered to Airborne Express. Dabney said that the name “Leroy Jones” was fictitious name created by himself and Akhil Bansal.

Dabney told the agents that he had picked up at least one shipment of boxes at 7901 Henry Avenue, which turned out to be the residence – searched yesterday – of defendants Akhil Bansal and Atul Patil.

“Individuals who are involved in this type of criminal activity do it for financial gain,” said Terri Borakove, Acting Special Agent-in-Charge of the IRS Criminal Investigation Division. “They know they have to hide or disguise their illegally derived money through various methods which usually involve complex financial transactions. IRS special agents are skilled financial investigators who follow the money trail no matter how complex the financial transactions become.”

In addition to the Internal Revenue Service Criminal Investigation Division, this case was investigated by the Drug Enforcement Administration, Federal Bureau of Investigation, U.S. Postal Inspectors, Immigration and Customs Enforcement, Food and Drug Administration, Department of Defense Criminal Investigative Service, the Philadelphia Police Department, Chester City Police Department, Delaware County C.I.D., Bristol Township Police, Lower Merion Police, Cheltenham Township Police, and Bensalem Township Police.

Prosecution of this case has been assigned to Assistant United States Attorneys Barbara J. Cohan, Wendy A. Kelly, Frank Costello and Senior Trial Attorney James R. Pavlock of the Asset Forfeiture and Money Laundering Section of the Department of Justice.

INFORMATION REGARDING THE DEFENDANTS

| NAME | ADDRESS | AGE OR DATE OF BIRTH |
|-------------------------|-------------------------------------|-----------------------|
| Brij Bhushan Bansal | Agra, India | 51 years of age |
| Akhil Bansal | Philadelphia, PA | 26 years of age |
| Julie Agarwal | Jaipur, India | Date of birth unknown |
| Yatindra Kumar Agarwal | Jaipur, India | Date of birth unknown |
| Himanshu Kulshrestha | Agra, India | Date of birth unknown |
| Atul Vijaykumar Patil | Philadelphia, PA | 32 years of age |
| Sanjeev Anant Srivastav | Findlay, Ohio and Point Lookout, NY | 31 years of age |
| Jitendra Arora | Ontario, Canada | Date of birth unknown |
| Kevin Atkinson | Canada | Date of birth unknown |
| Victor Devore | Fort Lauderdale, Florida | 26 years of age |
| Tom Peters | Sarasota, Florida | Date of birth unknown |
| Kelly Ann Couchman | Sarasota, Florida | 45 years of age |
| Matthew Melao | Abilene, Texas | 27 years of age |
| Christopher Geoff Laine | Linden, Texas | Date of birth unknown |
| William Randall Reed | Bassett, Virginia | Date of birth unknown |
| Rohn Wallace | Rochester, New York | 37 years of age |
| Richard Dabney | Philadelphia, PA | Date of birth unknown |

Attached to this release is an additional document detailing the counts in which each defendant is named.

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